



Irish Life Weekly Investment Bulletin

The week that was – WEEK 06 2019 (ending 08/02/2019)

“Our greatest glory is not in never falling, but in rising every time we fall” – Confucius

US President Trump will not meet Chinese President Xi before the March 1st trade-talk deadline – the 90 day armistice that has seen both sides hold fire on tariff introductions will end on the 1st of March. Progress towards reduced hostilities was widely anticipated but is not evident. Despite the lack of progress, Trump has ruled out meeting President Xi before the deadline, confounding the majority view that progress would be achieved during the cease-fire, an outcome that would have been perceived as very bullish.

Global stock markets down -0.59% from 4th to 8th of February – the MSCI All Country TR World Index fell as global macro-economic data weakened. While prospects for the global economy remain positive overall, expectations have cooled. The tentatively positive outlook for Sino-US trade talks disappointed and fed into negative sentiment. The VIX Index remained relatively unchanged, seeing a small increase from 16.14 to 16.27.

Britain’s economy slowed significantly in final quarter of 2018 – data just released has shown a rapid cooling in Britain’s economy, which contracted 0.4% in December alone. The rapid change in sentiment has seen the Bank of England significantly revise down its growth forecast for 2019, from 1.7% to 1.2%, due to the prospect of prolonged Brexit uncertainty and softening trade. Previously hawkish on rates, a significant change of tone has occurred with the likelihood of rate increases diminished, Sterling has weakened..

World Bank forecasts global growth of 2.9% for 2019 – the World Bank is forecasting positive global growth for 2019. While the previous forecast had been for 3% plus, the most recent expectation is slightly reduced, albeit positive and would be bolstered by any positive outcomes from global trade talks or Brexit progress.

The Story of the Week: Canada’s leading cryptocurrency exchange company, QuadrigaCX, has said it cannot repay \$190 million to clients because their electronic assets have been locked permanently into cold-storage. While placing crypto-assets in cold storage is a perfectly prudent approach, it is being reported that only one person knew the access passwords to said storage, a very imprudent approach. That one person was company founder Gerald Cotton. Sadly, Mr. Cotton has died from complications relating to a medical condition, taking with him the only record of QuadrigaCX’s cold storage passwords.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2014	2015	2016	2017	2018	2019 YTD (to 08/02)
MSCI AC World (Gross TR)	9.9	1.8	9.7	20.4	-7.2	7.3
ISEQ Overall Return	16.8	33.6	-2.7	9.7	-20.5	9.0
FTSE 100 TR	0.7	-1.3	19.1	11.8	-8.5	5.2
Euro Stoxx 50 TR	4.0	6.4	3.7	9.2	-12.0	4.7
S&P 500 TR	13.7	1.4	12.0	21.8	-4.4	8.2
Nasdaq Composite	13.4	5.7	7.5	28.2	-3.9	10.0
Nikkei 225	7.1	9.1	0.4	19.1	-10.2	1.6
MSCI Emerging Markets	2.6	-8.0	7.1	27.8	-12.2	6.3
Eurozone Government Bonds 1–5 yr	3.4	1.0	0.9	-0.2	0.0	-0.1
Sovereign 10yr Bond Yields (%)	2014	2015	2016	2017	2018	2019 YTD
U.S.	2.2	2.2	2.4	2.4	2.7	2.6
German	0.5	0.6	0.2	0.4	0.2	0.1
UK	1.9	1.9	1.2	1.2	1.3	1.2
Japan	0.3	0.2	0.0	0.0	0.0	0.0
Ireland	1.3	1.1	0.7	0.7	0.9	0.9
Italy	2.1	1.6	1.8	2.0	2.8	2.9
Greece	9.6	7.9	7.1	4.1	4.4	4.0
Portugal	2.7	2.5	3.8	1.9	1.7	1.7
Spain	1.6	1.7	1.4	1.6	1.4	1.2
Central Bank Rates (%)	2014	2015	2016	2017	2018	2019 YTD
ECB	0.05	0.05	0.00	0.00	0.00	0.00
Bank of England	0.50	0.50	0.25	0.50	0.75	0.75
U.S. Federal Reserve	0.25	0.50	0.75	1.50	2.50	2.50
Foreign Exchange Rates	2014	2015	2016	2017	2018	2019 YTD
Euro/Dollar (€/\$)	1.21	1.09	1.04	1.20	1.15	1.13
Euro/Sterling (€/£)	0.78	0.75	0.84	0.89	0.90	0.88
Sterling/Dollar (£/\$)	1.56	1.46	1.24	1.36	1.28	1.29
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q3)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q3)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q3)

*Past performance is not a reliable guide to future performance and may fall as well as rise.